

happy retirement and many more years to come.●

A CONSUMER'S GUIDE

● Mr. SIMON. Mr. President, there is a great deal of discussion about the loan guarantee for Mexico, most of it negative because that is where public opinion is today.

Any careful study of the merits of the issue suggest that the safer gamble between doing nothing or having a \$40 billion loan guarantee is the \$40 billion loan guarantee. I do not like the option, but that is the reality we face.

We are being asked to cosign a note, but there is some security with a note, and if we do not go ahead, the consequences in terms of illegal immigration, loss of export markets and, simply, the suffering that will take place south of our border are much too clear.

Tom Friedman of the New York Times has a column which puts another perspective on this matter that I think also makes sense. He is not interested in bailing out the bankers who hold some of the Mexican bonds, but he is interested in preserving our pension systems, which also hold many of these bonds.

What he says makes sense, and I ask that the Tom Friedman column be printed in the RECORD.

The column follows:

A CONSUMER'S GUIDE (By Thomas L. Friedman)

ZURICH.—One of the hottest topics in finance these days is how to prevent another Mexico from destabilizing the global financial system. Finance ministers will tell you that the subject has been dominating all their international meetings, and you are going to hear a lot of their proposed solutions at this week's G-7 summit in Halifax. This is a Warning: There is more nonsense than common sense among these proposals. Since some of them could cost you money, I offer this survival guide to the I-can-prevent-the-next-Mexico schemes.

I. Bad Ideas That Sound Good.

The worst of these bad ideas is the proposal to establish a \$50 billion standby rescue fund—administered by the I.M.F.—that would be ready as a life preserver to be tossed to any country dragged under the waves by global markets running amok.

I call this idea "The George Soros Memorial Gift Fund." In 1992 Mr. Soros, the billionaire currency speculator, mounted a fierce attack on the overvalued British pound, and Prime Minister John Major of Britain spent billions trying to defend his inflated currency against a devaluation. Eventually the pound was broken. But you can bet that if there had been a \$50 billion rescue fund available in 1993, Mr. Major would have tapped it. And just as surely, that \$50 billion would be in Mr. Soros' pocket today. The more money that government leaders have to defend faulty economics and their own egos, the richer Mr. Soros becomes by exposing their foolishness.

Don't get me wrong. I'm for the Mexico bailout. But I want it to be hard. Dangling a \$50 billion fund out there only invites buccaneering governments to be reckless. Professors should never begin the semester by announcing when the makeup exam will be. Governments should have to operate on the assumption that there will never be a make-

up exam—and if there is one, it will be an extraordinary event.

II. Good Ideas That Are Not as Good as They Sound.

The best of this lot is the decision by the I.M.F. to intensify its surveillance of financially shaky nations. The I.M.F. used to do only a once-a-year checkup on its client countries. But it was precisely in the months between annual checkups that Mexico went on the wild spending binge that caused its financial heart attack.

The I.M.F. has now promised to keep closer tabs on its clients. But this is no cure-all. Remember one thing: Many of Mexico's financial problems, on the eve of its crash, were hiding in plain sight. Public data showed it was running unsustainable deficits and was too dependent on hot money from abroad. These data were ignored because investing in Mexico had become a fad. Too many foreign investors had been to cocktail parties where people were whispering: "Mexico—you gotta be in Mexico." Fads will always trump logic. When the Hula Hoop was hot, no one wanted to hear that it was bad for your hips.

III. Small Ideas That Could Make a Big Difference.

1. Copy Chile. Chile demands that foreigners who want to buy Chilean stocks hold them for at least a year. That way if your country is practicing sound economics it won't be punished when the next Mexico crashes and jittery investors scream to their brokers: "Get me out of all emerging markets." In Chile's case, investors could not get out, and so Chile, unlike Brazil and Argentina, was not punished for Mexico's sins.

2. Save, save and save. If your country has a low savings rate, it will have to rely on another country's savings for growth. That will make your country vulnerable to the whims of global markets and global markets vulnerable to the crazy behavior of your country. (See encyclopedia entry for Mexico.)

3. America's next global economic crusade should be to get more developing countries to adopt U.S.-style securities laws—the toughest in the world for financial disclosure, conflict of interest and insider trading. Many of the new stock markets in Asia and Latin America are still rigged casinos, where investors are just begging for trouble. (See encyclopedia entry for Barings Bank, Singapore.)

4. Fasten your seat belts, put your tray tables and seat backs in a fixed and upright position and enjoy the ride. Because there is simply too much money, moving around the world too quickly, with too few controls, and too many governments ready to do anything to get slice of it, to prevent another Mexico somewhere over the horizon.●

JUNETEENTH DAY

● Mr. KOHL. Mr. President, I would like to join my fellow citizens in the State of Wisconsin in celebrating Juneteenth Day, a day which celebrates the abolition of slavery in the United States. As much as any other event in African-American history, the Emancipation Proclamation was one step in the long struggle which has lasted the last two centuries. This document is an affirmation of freedom and dignity, and is also a reaffirmation of the goals, hopes and dreams of all African-Americans.

The African-American community has given so much to this country, and Juneteenth is a day to celebrate the many achievements made by African-

American men and women. This day is not only a celebration of freedom, but a statement of understanding and pride in the African-American culture. History is rich with the contributions made by African-Americans, and they continue to be a valuable part of this society.

The Emancipation Proclamation of 1863 was the beginning of a long road for the African-American community which we still continue to travel today. The fight for equality continues and we must push for the dream of Dr. Martin Luther King Jr. that all children "not be judged by the color of their skin but by the content of their character." We have come a long way since the enactment of the Emancipation Proclamation, but we must persist with the idea that each person in this country be offered every opportunity and there is equality in every aspect of society. I invite my colleagues to join me in celebrating Juneteenth Day, a day of freedom, pride, and dignity in the African-American community.●

UNICEF ASKS BROADER AID FOR CHILDREN

● Mr. SIMON. Mr. President, recently, Barbara Crossette had an article in the New York Times titled, "UNICEF Asks Broader Aid For Children."

The article quotes the new head of UNICEF, appointed by the President of the United States, Carol Bellamy, as saying the United States should do better in our response to the needs abroad.

I could not agree with her more.

I hope we do not diminish the United States contribution to world stability by cutting back on foreign aid, as we seem destined to do right now.

I ask that the Barbara Crossette piece be entered into the RECORD at this point.

The article follows:

[From the New York Times, June 12, 1995]

UNICEF ASKS BROADER AID FOR CHILDREN (By Barbara Crossette)

UNITED NATIONS, June 9—The United States now ranks lowest among 21 industrial countries in the amount of foreign aid it gives in relation to its gross national product, according to a new study by Unicef, the United Nations Children's Fund.

Although American aid is second only to Japan's in dollars—\$9.7 billion as calculated by international organizations using 1993 figures—it represents 15 hundredths of 1 percent of G.N.P.

The Scandinavian countries and the Netherlands lead the list, with levels above 80 hundredths of 1 percent, and in those countries, as in the United States, aid budgets are facing new cuts.

The general reduction in foreign aid comes at a time when Unicef is urging all countries to look at the situation of children in the broadest terms, including the environments in which their mothers live.

"The child can't really be seen as separate and on an island," said Carol Bellamy, Unicef's executive director. "You can adopt some concrete objectives and go out and seek to achieve them, but the child has to be seen in the broader context of the community."

In an interview here last week before leaving for Berlin, where she released the report